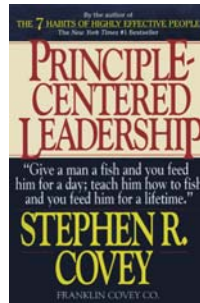




## Principle-Centered Leadership



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### ■ About the Author



Stephen Covey

Dr. Stephen R. Covey is co-founder/vice-chairman of FranklinCovey Company, a leading global professional services firm. FranklinCovey offers learning and performance solutions to assist professionals and organizations in significantly increasing their effectiveness in productivity, leadership, communications and sales. Dr. Covey is perhaps best known as the author of *The 7 Habits of Highly Effective People*, which is ranked as a No. 1 bestseller by the *New York Times*, having sold more than 13 million copies in 36 languages throughout the world. The book's message has created lasting impact-its sales keeping it on numerous best-seller lists for years. Dr. Covey is an internationally respected leadership authority, family expert, teacher, and organizational consultant. He has made teaching principle-centered living and principle-centered leadership his life's work.

### ■ The Big Idea

When things go wrong - whether in your personal or professional life - chances are you resort to quick-fix plans, strategies and techniques for altering and improving your environment. Often, the problem is caused by a *misalignment* of your actions and decisions with the correct principles. To solve it, you need to alter not the external circumstances but your perspective.

Best-selling author Stephen Covey introduces a new management paradigm that can help you transform, not only your organization, but your personal relationships as well. He reveals how you can achieve effective personal and organizational leadership by centering your actions and decisions on a set of time-tested principles.

### ■ Part One: Placing Principles at Your Center

Do most of the following apply to your organization?

- Interdepartmental rivalries
- Subgroups polarized around key philosophical issues
- Back-talking and bad-mouthing
- Cosmetic niceties on the surface exchanges
- Unionized; with people working on two cylinders
- Deep, entrenched interests between departments
- Special contests and promotions constantly going on to make sales quotas

These are signs of *imbalance* or *misalignment*. They indicate that

you are using the wrong paradigm in your organization, that you are centered not on solid principles but on distorted values and beliefs.

### Principles vs. Values

An example of a value is: *The more profit we get, the better our organization will be and the better the lives of our members.* An example of a correct principle would be: *Profit should come second to ethical considerations.*

Both values and principles can dictate our behavior and how we judge and evaluate our environment. How are they different?

Values are subjective, temporary maps that show us where to go or what to do given a particular situation. They can become obsolete when the situation changes. Values represent our cultural influences, personal discoveries and family scripts. They vary from person to person, or, more accurately, from role to role. A single individual can carry with him several sets of values for each of his different roles - child, sibling, parent, spouse, friend, lover, executive - and these values can contradict each other, and change over time depending on the person's newly acquired experiences and insights.

Principles are like compasses that point us to our true direction. They are objective, unchanging natural laws that are correct and relevant regardless of the external circumstances. They are timeless, universal behavioral standards that have governed the social values of all the great human societies and civilizations. They apply to all people and all roles at whatever time and place and in whatever situation. Examples are fairness, equality, justice, integrity, honesty and trust.

### The Benefits of the Principle-Centered Approach

Having several sets of conflicting values can make you lose direction. When a wave of change suddenly hits, you could easily be swept off your feet. You need a center that will keep you steady and consistent through whatever crisis comes your way. By basing your actions on principles rather than values you will be able to navigate through turbulent change, all the while maintaining your perspective and judgment.

### The Four Dimensions

When you are principle-centered, you gain four sources of strength:

1. Security - your sense of worth, identity, emotional anchorage, self-esteem and personal strength.
2. Guidance - the direction you receive in life.
3. Wisdom - your perspective on life; your sense of balance and understanding, judgment, discernment and comprehension.
4. Power - your capacity to act and make decisions; your strength and courage to accomplish something.

### A Principle-Centered Life

When your life is guided not by principles but by alternative centers (such as work,

pleasure, friends, enemies, spouse, family, self, church, possessions, and money) you have no real power. Your strength is based on other people and on external circumstances, which are never reliable.

When you center your life on correct principles, you become your own master. You chart your own course and remain steadfast and rooted whatever happens. You take control of all aspects of your life, including your possessions and relationships. You are not threatened by change, or by other people's opinions.

### A Principle-Centered Organization

When your organization is guided not by principles but by alternative centers (such as profit, supplier, employee, owner, customer, program, policy, competition, image and technology) the organization will have no real power. You will tend to control and exploit in order to gain what you want, and this can make you dependent on other people and external circumstances.

When you center your organization on correct principles, it is not easily threatened by external circumstances. Even competition becomes a healthy learning source.

## The Four Key Principles

The key to becoming truly principle-centered is by aligning your life with correct principles slowly but surely, from the inside out. The change should progress on four levels:

- Level One: Personal - your relationship with yourself.
- Level Two: Interpersonal - your relationships and interactions with others.
- Level Three: Managerial - your responsibility to get your job done with others.
- Level Four: Organizational - your need to organize people (to recruit them, train them, compensate them, build teams, solve problems, and create aligned structure, strategy, and systems).

Each level has a corresponding key principle that you will need to center on:

1. Trustworthiness at the personal level.
2. Trust at the interpersonal level.
3. Empowerment at the managerial level.
4. Alignment at the organizational level.

## ■ Part Two: The Four-Step Process

### Step One: Trustworthiness at the Personal Level

Trust is the basis of all personal relationships, and in order to gain other people's trust and thus become more effective both as a person and as a leader, you

should first earn that trust, by showing that you are *trustworthy*.

Trustworthiness, on the personal level, is based on both a person's character and competence. In order to get people to consider you trustworthy, you should convince them not only that you are good and honest, but also that you can do what they expect you to do.

It is easy to acquire skills that increase your level of competence. The hard part is developing character. Following are some useful guidelines that you can follow to facilitate this process.

### Characteristics of Principle-Centered Leaders

Trustworthy, and therefore effective, people usually exhibit the following personal characteristics:

- They are continuously learning. They read, watch, observe and learn all the time; they are constantly trying to acquire new knowledge and skills.
- They are service-oriented. A genuine sense of responsibility toward others is a natural manifestation of being principle-centered.
- They radiate positive energy. Principle-centered people are happy and optimistic; they tend to dissipate negative energy and maintain a positive outlook.
- They believe in other people. They believe in the unseen potential of other; they don't prejudge.
- They lead balanced lives. They lead well-rounded lives; they are able to establish a fulfilling career and pursue personal interests while maintaining healthy interpersonal relationships with others.
- They see life as an adventure. They are not afraid to bust out of their comfort zones in order to try something new, to experience something they have never experienced before; they lead unpredictable, exciting lives.
- They are synergistic. They are highly creative; they can come up with synergistic solutions to problems.
- They exercise for self-renewal. They develop themselves physically, mentally, emotionally and spiritually.

### Developing Primary Greatness

Personality, which is given too much importance, constitutes only secondary greatness. Primary greatness consists of a noble *character*, not a great personality.

You can achieve secondary greatness through social status, position, fame, wealth or talent. Primary greatness, however, can only be achieved through goodness of character.

### Three Character Traits

In order to develop your character and achieve primary greatness, it is essential that you cultivate the following three character traits:

1. Integrity. Your ability to keep meaningful commitments and promises.

2. Maturity. You have to be emotionally mature to be able to develop and draw from your internal strength rather than from your position, power, credentials, seniority or affiliations. You will also need maturity in order to step out of your self-centeredness and to develop meaningful relationships with others
3. Abundance mentality. You should believe that there is plenty out there for everybody. This mentality flows out of a deep sense of personal worth and security. When you have abundance mentality, you have no qualms about sharing what you have - including recognition, profits, and responsibility - with others because you know there is plenty for everybody and you don't have to hoard anything.

### Obeying Your Conscience

Another key to achieving primary greatness - to developing character - is training and following your conscience. This means you hold yourself accountable for your life (your time, talents, money, possessions, relationships, family and even your body). Most importantly, this means treating others well and not taking advantage of them to serve your own selfish purposes.

### Following the Law of the Farm

The process of becoming principle-centered takes time. There are no short cuts. In fact, people who are principle-centered do not rely on quick fixes in order to save time; rather, they follow the law of the farm, which states that you cannot speed up the natural rhythm of nature in order to suit your own purposes. You have to learn to wait patiently, just as farmers wait for seeds to grow and for plants to bear fruit.

Part of being an effective and mature person is learning to respect natural processes. This means taking things for what level they are in and waiting for them to evolve or develop naturally. It means you must accept the following things as true:

- Growth is a natural process.
- We are all at different “days” or levels of growth in the physical, social, emotional, intellectual and spiritual areas.
- Comparisons are dangerous.
- There are no short cuts.

### Three Great Forces and How to Overcome Them

What usually keeps you from keeping true to your principles, are three temptations: appetites and passions, pride and pretension, and aspiration and ambition. To keep yourself from being a victim of these temptations, you must strive to keep the following three resolutions:

1. To overcome appetites and passions, exercise self-discipline and self-denial. Don't let your passions and appetites rule you. Take control.
2. To overcome pride and pretension, work on character and competence. Be your own person, even when outside pressures force you to be otherwise.
3. To overcome aspiration and ambition, dedicate your talents and resources to noble purposes and provide service to others. This

will prevent you from becoming too self-absorbed and self-serving, and focusing too much on your own ambition and gain.

### Moral Compassing: Aligning to True North

Values are like maps that point us to where you want to go to achieve a particular short-term goal. Principles are like a compass that points you to “true north,” to a consistent direction that will lead you to long-term effectiveness and success. You should thus strive to always be *principle-centered*, not merely *value-driven*.

When you are governed by your values, you tend to lose direction and to wander aimlessly, wasting resources and opportunities along the way. When you are governed by correct principles, and are aligned to true north, you achieve real vision and direction.

### Step Two: Trust at the Interpersonal Level

Trust on the interpersonal level is based on the trustworthiness of the people involved. But it is also dependent on your ability to meaningfully relate with everyone you encounter, whether at home or at work. The following are some useful guidelines for establishing and maintaining meaningful interpersonal relations.

### Ten Tools for Increasing Your Principle-Centered Power

Principle-centered or legitimate power is based on trust, respect and honor, not fear or coercion. Here are ten tools you can use to increase your honor, and therefore your power, as a leader:

1. Persuasion. The ability to argue strongly and convincingly about your position while maintaining genuine respect for your followers' opinions.
2. Patience. Exercising patience over your followers' shortcomings, and with the achievement of goals.
3. Gentleness. Towards the feelings and vulnerabilities of your followers.
4. Teachableness. Being open to learning new things from your followers.
5. Acceptance. Accepting instead of judging your followers' mistakes or imperfections.
6. Kindness. Being sensitive, caring and thoughtful.
7. Openness. Being open to possibilities.
8. Compassionate Confrontation. Making corrections with warmth and concern.
9. Consistency. Sticking to a personal code based on a solid set of values and principles and always acting based on this.
10. Integrity. Acting only for the good of others, without a desire to take advantage of them.

### Eight Ways to Enrich Your Marriage and Family Relationships

Principle-centeredness should be applied not only to your professional life but to your personal one as well. To keep your personal relationships healthy, apply the following principle-based practices:



1. Retain a long-term perspective. Think of your marriage not in terms of short-term issues and goals, but in terms of a long-term vision. This will motivate you to keep hanging in there during tough times.
2. Re-script your marriage and family life. You and your family members, especially your spouse, may have been programmed with different “scripts” or ideas and archetypes about life and relationships. This can be sources of conflict. Do some reprogramming.
3. Reconsider your roles. Think about your current role as a parent or spouse. Make sure you take on the role that is necessary for your family in its present state.
4. Reset your goals. Instead of focusing on results, focus on building your family's emotional bank. This could be done by constantly showing affection, warmth and caring.
5. Realign family systems. There are four necessary systems that you should establish in your family:
  - a. Goals and plans.
  - b. Stewardships and a discipline program.
  - c. Teaching and training.
  - d. Communicating and problem-solving.
6. Refine three vital skills: time management, communication and problem-solving.
7. Regain internal security. Stop depending on external sources and other people, including your spouse, for your sense of happiness and security. Develop internal sources of personal worth, value and security, those that are independent of other people and circumstances.
8. Develop a family mission statement. Base it on sound principles. Identify core values and long-term goals. This can provide a stable and secure foundation and a good basis for whatever programs or decisions you need to establish or make in the future.

### Step Three: Empowerment at the Managerial Level

The real role of the manager is not to control and to impose his own decisions on his people, but rather, to empower them. A manager must encourage his staff and push them to be the best that they can be to bring out their full potential. As a result, employees willingly work for the manager for the good of the organization. Such empowerment can only be achieved by showing trust and faith in the skills and judgment of employees.

### Shifting Your Management Paradigm

A paradigm is the frame of reference through which you look at the world and describe nature. As a manager, it is not enough that you change your attitude in order to make dramatic change. You have to change how you see the organization. You have to change how you think about others.

### Four Basic Management Paradigms

1. The Scientific Management Paradigm. Assumes that man is an economic being primarily motivated by his quest for economic security. If you use this paradigm you are an authoritarian who reward your people when they do your bidding and punish them for failing to do so.

Your operating principle here is fairness.

2. The Human Relations Paradigm. Assumes that man is a socioeconomic being, with both economic and social needs. If you use this paradigm, you treat your people not only with fairness, but also with kindness and decency. However, you are still an authoritarian because you still believe you know what's best for them and that they should do what you tell them to do. Your operating principle here is kindness.
3. The Human Resource Paradigm. Assumes that man is also a thinking being - a psychological being who want to make meaningful contributions. If you use this paradigm you delegate tasks to people because you want to use their skills and creativity for the good of the organization. Your operating principle here is efficiency.
4. The Principle-Centered Leadership (PCL) Paradigm. Sees people in their entirety - as economic, social, psychological and *spiritual* beings who need meaning in their lives and who want to make a meaningful difference. If you use this paradigm you provide your people with lofty causes and noble purposes. You shift the center of power from you and spread it throughout the organization in order to *empower* your people. Your operating principle here is meaning.

The first three paradigms are flawed. It is only the Principle-Centered Leadership Paradigm that can lead to true personal and organizational effectiveness.

## The Principle-Centered Leadership (PCL) Paradigm

*The PCL Components: One P and Eight S's*

The PCL paradigm has nine components:

1. *People*. The PCL paradigm recognizes how important people are to all levels of the organization.
2. *Self*. In initiating change, start with yourself before trying to influence others.
3. *Style*. This refers to the empowerment style of management, which creates more innovation, initiative and commitment.
4. *Skills*. These should be developed through training and education.
5. *Shared vision and principles*. The best way to achieve this is by creating a mission statement - a living constitution - that is the product of input from all levels of the organization and that embodies deeply held values.
6. *Structure*. Should be aligned with the mission statement.
7. *Systems*. Six systems are common to most organizations: an information system, a compensation system, training and development system, a recruiting and selecting system, a job design system and a communication system. These should all be aligned with the mission statement.
8. *Strategy*. Should be aligned with the professed mission, the available resources and with market conditions.
9. *Streams*. The environment in which you operate.

*Four Characteristics of the PCL Paradigm*

1. *It's holistic*. It is an open system that includes everything in the stream, including the organizational environment, the industry, and the wider society. It also treats the organization as one indivisible whole and as a



- complete system.
2. *It's ecological.* Because it's holistic, it is like an ecosystem wherein everything is related with everything else. It is organic, and thus an initiative in one part affects the entire system.
  3. *It's developmental.* Everything is done step by step; everything follows a process.
  4. *It's based on proactive people, not inanimate things, plants and animals.* The human resource is not expendable because it is viewed as essential to the organization. The people are not treated as inanimate assets that must be used.

### Six Conditions of Empowerment

How exactly do you empower your people? First you have to examine what basic assumptions you have about them, and about human nature in general. Then, make sure they have the proper:

1. Skills - What the people can do. They will need communication, planning and organization, and synergistic problem-solving skills.
2. Character - What the people are. They will need to have integrity, maturity and an abundance mentality.

You will need to make deposits in their emotional bank accounts and to build trust.

Next, spot the areas where the organizational needs and goals overlap or are in harmony with the needs, goals and capabilities of individuals. Then:

3. Set up a win-win agreement with them, based on these commonalities. To do this you should work together to:  
Step One: *Specify desired results.*  
Step Two: *Set some guidelines.*  
Step Three: *Identify available resources.*  
Step Four: *Define accountability.*  
Step Five: *Determine the consequences.*
4. Self-supervision - Let the people supervise themselves based on that agreement.
5. Support the people by providing helpful organizational structure and systems within which self-directing, self-controlling individuals could work toward fulfilling the terms of the agreement.
6. Accountability - Make your people accountable for their responsibilities by letting them evaluate themselves against the criteria specified in the win-win agreement.

### Step Four: Alignment at the Organizational Level

Once you properly manage your people by motivating them and building an atmosphere of trust, the next step is to ensure that their actions and decisions are aligned with the organization's vision and mission.

### Writing Your Own Constitution

Step One: *Expand perspective*. This usually happens naturally when we encounter adversity or suffering, but it can be induced through planned experiences such as company gatherings and the like, during which you can ask people about their views.

Step Two: *Clarify values*. This involves assigning someone to draft and write the constitution, then to present it to the members of the organization for approval. This is the phase where the constitution gets refined.

Step Three: *Test it against yourself*. Take the more or less final draft of the constitution and ask yourself: "Is this in harmony with my values? Does it inspire and motivate me? Does it capture the heart and soul of the company? Does it represent the best within the organization?" Try to ascertain how much of the values of the organization and of the people in it overlap. The greater the overlap, the better it is.

Step Four: *Test yourself against it*. This time, try applying the constitution by applying it to your policies, programs, strategies, structure and systems. See if these could function in harmony with the constitution. You should keep amending your constitution based on your findings during this testing phase.

### Updating Your Constitution

As your perspective and values change, so too should your constitution. To make sure your constitution is always up-to-date, ask yourself the following questions at regular intervals:

- Is my mission statement based on proven principles that I currently believe in?
- Do I feel this represents the best within me?
- Do I feel direction, purpose, challenge, and motivation when I review this statement?
- Am I aware of the strategies and skills that will help me accomplish what I have written?
- What do I need to do now to be where I want to be tomorrow?

### The Universal Mission Statement

The universal mission statement is intended to serve leaders of organizations as an expression of their vision and sense of stewardship. It attempts to encompass, in one brief sentence, the core values of the organization. It creates a context that gives meaning, direction, and coherence to everything else.

Your mission statement should be short and simple but comprehensive, so that it encompasses the organization's vision yet it is simple enough for people to remember and memorize. It should not replace your goals, but rather should direct those goals.

The universal mission statement can apply to all organizations, and you can use it while you are developing your own mission statement. It is comprised of twelve words:

To Improve the Economic Well-Being and Quality of Life of All Stakeholders.

The universal mission statement addresses the *economic well-being* of the stakeholders because this is really the goal of most business organizations - to serve

economic purposes and to create a means of livelihood for its members.

The statement also addresses *quality of life* because the organization should not only provide a mere source of livelihood. Rather, the corporation should also be concerned with the overall quality of life of stakeholders. Of course, it should be stressed that an organization's primary responsibility is to enhance the quality of *work life*. After all, there are other institutions (e.g. schools, family, churches, etc.) that are better equipped to deal with the private life. It is also important to remember that the quality of life has five dimensions: acceptance and love; challenge and growth; purpose and meaning; fairness and opportunity; and life balance.

Lastly, the universal mission statement includes *all stakeholders*, which includes *everyone who will suffer if the enterprise fails*. This includes the owners, shareholders, employees, suppliers, consumers, distributors, dealers and other people in the community.

Writing an effective constitution and mission statement, and ensuring that they remain current and relevant to all members of the organization, ensures that your system and structures are aligned with your core principles and values - an essential ingredient to effective principle-centered leadership.